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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000653

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SUBJECT: NEPAL: PEACE NEGOTIATOR EXPECTS FORMATION OF
INTERIM GOVERNMENT AFTER SAARC SUMMIT

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d)

Summary

¶1. (C) Pradip Gyawali, the Communist Party of Nepal - United Marxist Leninist (UML) representative on the Government talks team with the Maoists, told the Ambassador March 28 that he expected the formation of an interim government would be delayed until after the South Asian Association for Regional Cooperation (SAARC) Summit. Gyawali, who is also Minister of Culture, Tourism and Civil Aviation, said the Maoists had not yet decided whether to join the government. He noted that the Maoists realized they would not fare well in the Constituent Assembly elections. The Ambassador stressed our concern about the large number of Maoists who had recently begun working as porters at the cargo terminal at Kathmandu's Tribhuvan International Airport. This created legal issues for U.S. entities who would have to pay them fees, and created the risk that the U.S. organizations would have to stop using the airport. The Civil Aviation Minister promised to take corrective action. In response to a question from the Ambassador, Gyawali praised Boeing's record as a supplier of aircraft to Nepal's national carrier and ventured that a final decision on the purchase of a two aircraft might be announced in the coming days.

Formation of Interim Government Likely Delayed Until After
SAARC Summit

¶2. (C) In a meeting March 28, Pradip Gyawali, who is the UML's representative on the Government of Nepal (GON) talks team with the Maoists, informed the Ambassador that, despite all the pressure to form an interim government before the April 3-4 SAARC Summit in New Delhi, he thought the process would be delayed. He agreed with the Ambassador that the Maoists should not be allowed to join the Interim Government until they changed their behavior and fulfilled their peace process commitments. But he added that not bringing the Maoists into the government would create its own set of problems. Gyawali commented that the Maoists themselves had not yet decided whether they wanted to join the Interim Government. As the Ambassador noted, this was reportedly one of the principal questions the Maoist Central Committee, which was currently in session in Kathmandu, was discussing.

The peace negotiator, who is also Nepal's Minister of Culture, Tourism and Civil Aviation, said that the Maoists had to make a choice: whether to change their behavior and join the GON or stay outside and pursue terror.

Explaining Ongoing Maoist Abuses

13. (C) The UML Minister admitted that a fundamental problem was the gap between Maoist commitments and practice. He speculated that one reason for the ongoing abuses might be the top Maoist leaders' inability to control their rank-and-file. Gyawali described many of the latter group as uneducated, untrained and uncultured; they had joined the Maoist ranks for personal advantage. He ventured that time and the environment might change Maoist misbehavior. The Ambassador responded that he was skeptical. Every time he saw a Maoist Central Committee decision it was at direct odds with the Maoist commitments in the peace process. That had been the case in November 2006 when the Central Committee ordered mass recruitment of pseudo-combatants to go into the UN-monitored cantonments and again in early 2007 when they had stood up the militant Youth Communist League (YCL). The Minister admitted that these actions by the Maoists gave the GON great concern also. He remarked that a large number of actual combatants were outside the camps and concurred that YCL intimidation posed a big challenge to the political parties.

Maoist Facing Increasing Public Dissatisfaction

14. (C) The peace negotiator claimed that the Maoists would

KATHMANDU 00000653 002 OF 002

ultimately have no alternative. They would have to change. The public would demand it. If they did not change, they would face even greater opposition than they were currently experiencing from the Madhesis in the Terai. Gyawali said the Maoist leaders recognized that their ongoing abuses were damaging their public image and agreed with the Ambassador that their prospects in the Constituent Assembly polls were decreasing. The Culture Minister said Nepal's ethnic communities in particular had become disenchanted with the Maoists.

U.S. Concern About Maoist Porters At the Airport

15. (C) The Ambassador alerted Gyawali, in the latter's capacity as Minister of Civil Aviation, to reports that the Maoists had in recent months compelled the Civil Aviation Authority to add a large number of their cadre as porters at the cargo terminal at Kathmandu's Tribhuvan International Airport. Under a U.S. Executive order, U.S. entities were barred from providing money to Maoists, either directly or indirectly. The presence of these Maoist porters, who now made up perhaps half of the pool of porters, created the real risk that the U.S. would have to stop using Tribhuvan Airport for cargo. The Civil Aviation Minister said he was aware of the problem and took it extremely seriously. He had done a preliminary investigation, but asked for additional time to collect more details. He promised then to take corrective action. As he pointed out, there was no good alternative to Tribhuvan Airport for transporting cargo in and out of Nepal. Other airports simply did not have the required facilities.

Boeing Favored In Aircraft Tender

16. (SBU) The Ambassador also took the opportunity to follow up on a letter he had sent to the Prime Minister (and copied to Gyawali) in December 2006 on the tender by the government-owned Nepal Airlines Corporation (NAC) for one wide-bodied and one narrow-bodied airplane. The Civil Aviation Minister emphasized that Nepal had had an excellent

experience with Boeing aircraft and that its facilities and personnel were all set up to operate Boeing aircraft. He added that he was in close touch with Boeing reps; a final decision on which aircraft the NAC would buy might be announced in the coming days.

Comment

17. (C) The head of Minister Gyawali's party, UML Secretary General M.K. Nepal, has been one of the most outspoken Nepali leaders in favor of the quick formation of an interim government with Maoist participation, so it is noteworthy that Gyawali thinks the process will wait until, at least, after the SAARC Summit. Gyawali's view that the Maoists have to change is a common one, as is his view that Maoist deeds and words have yet to match up. We will see what action he is prepared to take to deal with the Maoist issue at the airport. His ministry controls the issuance of airport passes, so he could cancel those, if he so chooses. His comments on Boeing aircraft came as good news, but with a tender for new aircraft on hold for almost a decade, we would not be surprised if the decision is put off again.

MORIARTY